

ROCKWOOD WATER P.U.D.
MINUTES, REGULAR MEETING OF THE BOARD
29, JUNE 2004
Rockwood Water Boardroom

Board members present: Sandra Ramaker, Herb Brown, Stephen McElroy, Larry Dixon, Don McCarthy.

Appointed Budget Committee Members: Robert Paine, Tom Lewis, Pat Brown, Ray Beach.

Staff present: Harvey Barnes, District Manager (DM); Chris Shaw, Administrative Secretary (AS); Mike Baker, District Superintendent (DS).

Guests present: Fran Hyson, Jeanne Orcutt, Scott Forrester, Frank Gearhart, Eulia Mishima, Art Landis, Michael McInnes, John Collins, Kris Nelson, Liz Trojan, Brett Harsha, Jeffrey Shupe.

President **Herb Brown** called the meeting to order at 7:02 p.m.

APPROVAL OF THE AGENDA

Herb Brown called for a vote on the agenda. The agenda was approved by a unanimous vote.

CONSENT AGENDA

Herb Brown called for a vote on the consent agenda. The consent agenda was approved by a unanimous vote.

APPROVAL OF MINUTES

Jeanne Orcutt referred to page 4, paragraph 2 and stated that the word “quickly” should be inserted following restore service. **Fran Hyson** referred to the approval of the bills section and clarified that her statement should read: some board members were paid more than \$50 per “month”, not meeting.

Herb Brown called for a vote on the minutes as amended. The minutes as amended were approved by a unanimous vote.

APPROVAL OF BILLS

Jeanne Orcutt asked about 4 voided checks and the following expenses: Portland Lutheran Bus/CCWF; Flowers for Office; Harold Oliver Bus/CCWF; CCWF Festival Coordinator; Mini Grant/Water Project; RWPC Bookmarks/Stickers; Replace Customer Windshield; CCR Mail Supplies; and Annual Reconciliation. **DM Barnes** explained each in detail.

Sandra Ramaker questioned the Workers Comp Renewal expense. **DM Barnes** replied that the type of work we do requires a high premium.

Stephen McElroy moved to approve the bills. Larry Dixon seconded the motion. The motion was approved; none opposed.

PUBLIC COMMENT ON NON-AGENDA ITEMS

Jeanne Orcutt commented that she and Fran Hyson should have been provided notice for the

meeting that Board members were invited to attend at Clackamas River Water. She noted that she and Ms. Hyson have written requests on file to receive notice of all meetings. **DM Barnes** explained that this District did not hold a public meeting. Two of our board members attended a board meeting at another district which does not constitute a special, regular or emergency meeting, and does not require notification under any statute.

Jeanne Orcutt commented that all board members were asked to attend so it was a public meeting. **DM Barnes** replied that he stands firm on the decision not to notice it as a public meeting for this board because this board did not call a public meeting, go into session or have a quorum. **Ms. Orcutt** commented further that at least three board members were planning to attend as nameplates were prepared for them. **Sandra Ramaker** explained that she was unable to attend so Larry Dixon was asked to attend in her place; only two board members planned to attend.

BUDGET COMMITTEE MEETING

DM Barnes explained that the Budget Committee needs to meet briefly to approve the minutes of the last meeting. **Herb Brown** deferred to Budget Committee Chair Robert Paine. **Robert Paine** called the Budget Committee meeting to order. **Ray Beach moved to approve the minutes of the April 28, 2004 meeting. Pat Brown seconded the motion. The motion was approved; none opposed.**

There being no further business. **Robert Paine moved to adjourn the Budget Committee meeting. Ray Beach seconded the motion. The motion was approved; none opposed.**

PUBLIC HEARING – 03/04 BUDGET

Jeanne Orcutt referred to Revenues: Other Government Agencies, \$750,000, and asked **DM Barnes** if he said at budget time that some of this was coming from Gresham. **DM Barnes** replied yes. **Ms. Orcutt** asked how he could count this when we don't have an agreement with Gresham yet. **DM Barnes** explained that a draft operations agreement will be presented to the Board at the July board meeting. Gresham staff will present the agreement to the Council in August. **Ms. Orcutt** asked what happens if the operations agreement is not approved. **DM Barnes** replied that the budget would have to be then cut somewhere.

Jeanne Orcutt commented that last year the budget included revenue from Sunrise Water Authority which never materialized. **DM Barnes** replied that's correct, but we didn't spend it. **DM Barnes** explained that the law requires that if you reasonably expect certain revenue, it must be included in the budget.

RESOLUTION 03/04-005 – ADOPT AND APPROPRIATE 2004-05 BUDGET

Sandra Ramaker moved to approve resolution 03/04-005. Don McCarthy seconded the motion. The motion was approved; none opposed.

PROCESS FOR FILLING CONSERVATION/PR AND SECRETARY POSITIONS

DM Barnes explained that the District policy manual states that for non-union or administrative positions, the Board must approve the method for filling them. He noted that per his Board report, his plan is to move Chris Shaw into the new Conservation & PR position and to post internally and advertise externally the Administrative Secretary position. Both positions will be .8 FTE.

Don McCarthy moved to approve the new position. Larry Dixon seconded the motion. The motion was approved; none opposed.

AWWA TRUSTEE – LETTER OF SUPPORT

DM Barnes reported that he has been asked if he would be willing to serve as an AWWA Pacific Northwest Section Trustee if elected. He stated that AWWA requires a letter of support from the Board before placing an individual on the ballot.

Sandra Ramaker moved to send a letter of support for DM Barnes to AWWA. Don McCarthy seconded the motion. The motion was approved; none opposed.

DISCUSSIONS WITH CLACKAMAS RIVER WATER

DM Barnes reported that the Board was invited to participate in discussions with Clackamas River Water District (CRW), Sunrise Water Authority (SWA), and Oak Lodge Water District (OLWD) regarding future water service for CRW. Two District board members attended the meeting at CRW. He explained that the purpose was to gather information to bring back and discuss with the full board at this meeting.

DM Barnes explained that CRW wants to protect its boundaries from withdrawal and options include joining an existing authority or PUD. He outlined some of the questions that need to be answered regarding employees, assets, liability, facilities, a transition plan and how it would all occur. He stated that his plan is to provide the information that CRW is asking for and to determine whether it would be a good deal for the District's customers and CRW customers. **DM Barnes** noted that he believes that OLWD and SWA will be providing similar information. He outlined options for forming a PUD. **DM Barnes** asked the Board if he should proceed with gathering the requested information and looking at some sort of combination or annexation.

Herb Brown reported on meeting at CRW to observe and ask questions. He noted his experience in forming a PUD and stated that there are some legal aspects he is not familiar with regarding merging with another district or water authority. He expressed support for the Board adopting a resolution and the county calling for a vote of the citizens. **Brown** noted upcoming meetings at CRW scheduled for July 8 and July 15. **DM Barnes** asked if the Board would like to call a District board meeting for these meetings and proceed with public notice. Discussion followed regarding the July 8th meeting; CRW Commissioner, Art Landis, indicated that he believes the meeting may have been changed to the 7th.

Sandra Ramaker commented that there were a lot of questions about the process for acquiring CRW capacity and the attorneys involved. She noted that although we have a joint attorney that we both use, separate attorneys would look at the issues surrounding annexation, etc. She stated that she would like to see the July 15th meeting called as a public meeting and have the entire board attend. **Herb Brown** and **Don McCarthy** indicated they would be willing to attend. **Herb Brown** confirmed with Art Landis that the July 15th meeting is scheduled for 6:30 p.m. and will be held at CRW.

Fran Hyson stated that she asked DM Barnes for a copy of her letter requesting notice of all public meetings. She read the letter and commented that anything that involves the District should require

notification to ratepayers. She commented that she doesn't understand why her request isn't clear to the Board and the District Manager. **Ms. Hyson** commented on CRW's efforts to inform the public.

Herb Brown stated that a special meeting was not called - otherwise she would have been notified.

Pat Brown commented that she would like to see the Board authorize DM Barnes to participate in the information sharing process.

Frank Gearhart complimented the Board for jumping into the situation, stated he is a strong supporter of PUDs, and commented on the establishment of a PUD in Tillamook. He noted that time is of the essence referring to Enron, PGE, and Texas Pacific Group and it being a crucial year. He urged the Board to move as quickly as possible on the issue.

Scott Forrester commented on the efforts to save CRW from being annexed to pieces noting that the history is similar to the birth of Rockwood Water PUD to save itself from Portland and Gresham. He stated that he is past chair of the Friends of the Clackamas River and that his board had unanimously taken the position that it did not want Rockwood to draw any water from the Clackamas and transfer it to another watershed. He stated that it is not inconsistent with the concept of CRW considering annexing itself to Rockwood.

Mr. Forrester commented further that where the water is used, where it is transported and whether or not a pipeline would be built from Clackamas River to here is a policy issue which his organization will continue to tell both boards or ultimately a unified board; that policy is not going to change. He stated that he is looking forward to the meeting on the 15th and hearing more about it. He noted he is also a big supporter of PUDs, commented on his run for the Multnomah County People's Utility District Board, and reported on election results.

Sandra Ramaker moved that a special board meeting be called for the July 15th meeting at CRW. DM Barnes stated he is assuming that since the Board wants to call a special meeting to participate in discussions with CRW that it also indicates he should continue to supply the information necessary to make decisions. The Board agreed yes. **Larry Dixon seconded the motion. The motion was approved; none opposed.**

POWER FEASIBILITY STUDY REQUEST

DM Barnes explained that he was instructed to place this item on the agenda to revisit the power feasibility study completed in 1992.

Jeff Shupe, D. Hittle & Associates, noted that a principal in his firm was the author of the 1992 study. He explained that the process would be similar to what may have transpired in Clackamas County. A preliminary, broad scope feasibility study would be prepared initially. Further down the road should the board decide to proceed further, much more detailed studies would be done. He recommended doing a preliminary feasibility analysis and indicated his agency would be glad to respond to a request for proposal.

Michael McInnes noted that he is a former PUD general manager and commented that a feasibility study is a very practical tool. He encouraged the Board to think positively emphasizing that electric,

water and sewer utilities can coexist. As a strong supporter of public utilities, he also encouraged the Board to consider the feasibility study as customers would benefit in the long term.

Brett Harsha, PowerWave Engineering, indicated his company could also provide the feasibility studies needed and noted experience in preparing feasibility studies, working with PUDs and municipalities, water and wastewater design, and low voltage design.

Liz Trojan, Oregon Public Power Coalition, commented on the benefits of public ownership. She stated that the feasibility study the Board is considering funding is a big move for Rockwood. The feasibility study would allow the Board to make an informed decision about the potential benefits and drawbacks of adding electric service. She encouraged the Board to fund the feasibility study.

Fran Hyson commented that she is glad to hear so much information and expressed her support. She commented on a newspaper article on PGE and Enron. She stated that she knows the study will be expensive, but the District should move forward with it for future generations.

Frank Gearhart thanked the Board for having this item on the agenda. He strongly recommended that the Board take some action tonight on the feasibility study.

Eulia Mishima commented that at the last meeting she offered to provide the information she gathers daily on PUDs and private companies to DM Barnes. She noted that she e-mailed a few articles. She indicated that she is very excited about the feasibility study and stressed that it's a wonderful opportunity for the Board to do something that will be remembered historically. She expressed concern regarding deregulation, connections big investors have in utilities, mergers, and rate manipulation. As a PUD, the District has an opportunity to consider the pros and cons of becoming an electric PUD. It will also allow other territories to approach the District and consider joining this PUD.

Scott Forrester stated he is a member of the Public Power Coalition and commented on its efforts the past few years. He noted the upcoming vote on the Willamette Electric People's Utility District in November, outlined the results of the Multnomah County PUD election, and reported that Washington County will have a hearing tomorrow with the Department of Energy and will likely be on the November ballot also. He stated that by voting to proceed with the feasibility study the board is merely saying it wants to take a look at getting into the power business. He commented on ratepayer pocketbooks, competitive advantage, cost of service, and potential savings. **Mr. Forrester** requested that the Board take action tonight and recommended that if it sets a cap on the cost, that it not be set too low. He then suggested a ceiling of \$15,000. He commented on Snohomish County PUD being sued by Enron, the information discovered on tape recordings in the process, and the taxes collected by Enron with a very limited amount being paid to the State of Oregon or the federal government. He noted other uses for this money.

Brett Harsha commented on his personal experience coming from a ratepayer of PGE to a PUD in Ranier, Oregon.

Kris Nelson noted that he is not a resident of the District, but is a long time supporter of public power. He provided a history of public power, commented on Enron's abuse of ratepayers, and outlined reasons for forming an electric PUD. He referred to PGE/Enron fraud regarding the

collection of taxes and the Public Utility Commission's ability to protect ratepayers. He stressed that District customers deserve a locally accountable and non-profit entity that serves its ratepayers first. The Board would be doing its customers a responsible service by determining the costs and benefits of forming an electric PUD. He referred to an engineering study of Clackamas County and the potential savings to customers.

Jeanne Orcutt stated that the District has enough on its plate without attempting to add provision of electric power. She noted that several years ago the District paid approximately \$25,000 or more for a study and a public hearing; at the public hearing PUD ratepayers soundly rejected pursuing power service. At a special board meeting in 2002 the board again considered providing electric power service but decided not to pursue it. She commented further that when the Rockwood Water PUD was formed it was for provision of water only; there is no guarantee that Rockwood PUD can provide electric service cheaper than a private entity; a rate structure cannot be determined until the exact cost of PGE assets is determined in court - usually the cost is 2x the net book worth in condemnation proceedings; it could also take years of litigation in courts; the City of Hermiston underestimated the cost of acquiring assets by over \$6,000,000 and its rates are higher than those of Pacific Power.

Ms. Orcutt continued her comments by adding that if the PUC approves the current plan, PGE will become an Oregon electric utility financed by Texas Pacific and it would be governed by a local board. She commented on the amount of money PGE paid last year in property taxes, franchise fees and state and federal income taxes. She stated that there is no assurance that low cost power would be available from BPA to provide electricity to the District; the District cannot condemn PGE generation facilities because they are outside the District's boundaries; and breaking up PGE into several entities will not be cost effective.

Ms. Orcutt commented that a small PUD could not restore power quickly if there were a large outage. She noted defeats of initiatives to form electric service PUDs in Multnomah, Yamhill and Clackamas counties. She expressed that if a vote occurred in the Rockwood Water PUD service area, it would also be defeated. She stated that the District should not waste money on a feasibility study for power service. **Ms. Orcutt** also commented that if Rockwood PUD takes on provision of electric service, the District would have to assume a share of the liability for the Trojan nuclear plant. The Oregon PUC does not have oversight on PUD rates. Rockwood PUD raised its water rates without any public hearings so there's no guarantee electric rates would be any different.

Eulia Mishima referred to some of the points brought up by Jeanne Orcutt being similar to those given at the last meeting. She commented on the fear tactics used by Enron and the lack of information provided on the money they have taken from taxpayers. Historically, PUD rates across the United States are lower than those of investor owned companies with a few exceptions.

Jeanne Orcutt replied that in response to Eulia Mishima's insinuation, she has not been in communication with Enron and did not receive any of her information from Enron.

Larry Dixon expressed agreement with Ms. Orcutt's comments adding that there is no guarantee that we could get power from Bonneville. He stressed that to do a feasibility study now until we know what's going to happen with Enron would be a waste of time and money. He indicated he would vote against it.

Stephen McElroy commented that he's always in favor of public power and indicated that doing a study is a good idea to see if it's even possible for the District to provide power. He added that he's not so sure about spending thousands of dollars to figure it out, but we need to do something to bring the cost of power under control.

Don McCarthy agreed with McElroy and stated that there should be a cap on what is spent. He commented that he would like additional, updated information.

Sandra Ramaker commented on previous requests to consider electric service. She stated that a feasibility study would be a good thing but she would also like to see a cap on the cost.

Herb Brown commented on his bringing it to the Board before and his efforts to provide information to the public. He asked for a motion on the study.

DM Barnes noted that the Board seems to be divided on the study and cost. He asked if a price cap would be placed on the study. He commented that with any study to be done, we should go through the process of outlining what we need to know and then find out what it's going to cost. **Herb Brown** suggested that DM Barnes check into the costs and then bring back information to the Board at the next meeting.

Sandra Ramaker stated that DM Barnes has a good point. How can bids be submitted without some sort of guidelines regarding what we want. In response, consultants in the audience indicated they could provide a scope of work. Further discussion followed.

Sandra Ramaker moved to have a feasibility study done with a cap of \$10,000; if the cost will exceed \$10,000 it will be brought back to the board for further consideration. Don McCarthy seconded the motion. The motion was approved with Larry Dixon voting no.

Jeanne Orcutt commented that she can't believe the Board would proceed with the study without asking patrons if they want the District to consider providing power service. **Fran Hyson** commented that it was on the agenda for this meeting and it is just a study. If it isn't feasible, then it can be brought back to the board. She suggested placing a notice in the newspapers.

Stephen McElroy commented that he appreciates Ms. Orcutt's comments, but he did speak with citizens he represents and they do support a study. He added that they would not be in favor of floating a bond to purchase power lines, etc. **Jeanne Orcutt** replied that it's only a small number of people compared to everyone in the District. **Herb Brown** noted that interest has also been expressed by citizens in his subdistrict.

PROJECT UPDATES

DM Barnes reported that some of our projects are winding down. The Cascade reservoir retrofit is substantially complete and we are down to just a punch list. The chlorinator building and the installation pumps in our wells out back are starting to run a little behind but we are working with the contractor. We will produce water this summer but it won't be by the end of June. We continue to work on the details of the operations agreement with the City of Gresham and will provide requested information for CRW issues. **DS Baker** reported that we are probably about 75%

complete with the distribution lines out front; this will allow us to blend and pump water into the system. He added that the field crew is doing a good job.

RESCHEDULE AUGUST BOARD MEETING

DM Barnes explained that concern has been expressed that Gresham City Council and District Board meetings are held the same night. The Gresham City Council is scheduled to discuss the operations agreement at their August 17th meeting which is the same night as the District's Board meeting. Board members have expressed they would like to reschedule the District's August meeting so they can have the opportunity to attend. **DM Barnes** recommended rescheduling our Board meeting for August 24th. Discussion followed.

Fran Hyson commented that she previously suggested that the Board change the District's meeting night to Wednesday due to the conflict with Gresham City Council meetings. She suggested that the Board consider this for next year's meetings.

Larry Dixon moved to change the Board meeting date to August 24th. Stephen McElroy seconded the motion. The motion was approved; none opposed.

Herb Brown noted that the Board can decide at the July meeting if it needs to call a special meeting for the August 17th City Council meeting. He noted that the next District Board meeting is July 20th.

EMERGENCY WATER SUPPLY FOR WOOD VILLAGE

DM Barnes reported that he has been contacted by Wood Village. It is having a problem with its newest well and it's not certain they can make it through the summer to provide water to customers. He noted that DS Baker has determined a method to provide emergency water supply to Wood Village and added that Wood Village has been given a rate slightly higher than the District's cost for Bull Run water. He emphasized that this is emergency water supply for this year only.

Fran Hyson asked where the Wood Village wells are located, what problems it experienced last year, and if the District's wells could have similar problems. **DM Barnes** replied that he doesn't know the exact physical location of the wells; Wood Village adjusted the pump on the well but didn't have any problems until late in the summer; and all its wells are in the top layer of the aquifer. He noted that the District's wells are much lower.

Jeanne Orcutt asked what Wood Village is doing to solve the problem long term. **DM Barnes** explained that Wood Village is looking at drilling a new well and interim financing.

Larry Dixon asked if we provide water to them, will it affect our purchasing agreement with Portland or our peak season demand. **DM Barnes** replied no; he has already discussed the issue with the City of Portland.

Jeanne Orcutt asked if the water supplied would be Bull Run or well water. **DM Barnes** replied Bull Run as the wells are not online yet.

Sandra Ramaker moved to supply emergency water supply to Wood Village. Larry Dixon seconded the motion. The motion was approved; none opposed.

FOR THE GOOD OF THE ORDER

DM Barnes reported that things are going well. Three new employees have been hired over the last few months and they have all worked out so far to be good employees. We've made it through another budget year and it looks like we will be fine on cash.

DS Baker reported that four employees: Andy Crocker, Jeremy Charpentier, Dave Blevens and Eugene Dursphek, took state certification exams last month and all passed. Craig Nichols headed up the crew while he was gone and expended quite a bit of extra effort to meet project requirements. He commended him for doing an excellent job. He thanked the Board for his gift certificate.

Don McCarthy thanked the Board and District citizens for the opportunity to attend the AWWA National conference. He commented on the opening speaker, public forum, and vendor displays.

Sandra Ramaker also thanked everyone for the opportunity to attend the national conference. She noted that she worked the public official's desk which made 85 contacts on Sunday and 106 people attended the public caucus. The majority requested that the forum be extended to a second day. She reported that the tapping team did not win the national competition. **DM Barnes** provided further details on the tapping team's efforts. **Ramaker** noted John Armstrong's invitation to the Board to attend the Washington PUD Association's annual conference in Mt. Vernon in September.

AS Shaw reported on the District's newsletter, water quality report and conservation brochure. Copies were provided.

Stephen McElroy reported that he also attended the AWWA national conference and commented on the vendors and public official's caucus.

Herb Brown thanked everyone for attending tonight's meeting.

DM Barnes commented on the opening speaker at the conference.

ADJOURNMENT

Don McCarthy moved that the meeting be adjourned. Larry Dixon seconded the motion. The motion was approved; none opposed.

The next regular board meeting is scheduled for July 20th at 7:00 p.m. at the District office.

The meeting was adjourned at 9:20 p.m.

Secretary